

**North Long Beach Redevelopment Project Area
Five Year Implementation Plan
Attachment No. 5 – Inclusionary Housing Compliance Plan**

I. INTRODUCTION

This Inclusionary Housing Compliance Plan (the "Housing Compliance Plan") has been prepared pursuant to Section 33413(b)(4) of the California Health and Safety Code for the Agency. Section 33413(b)(4) requires all redevelopment agencies to adopt a Housing Compliance Plan to meet the inclusionary housing requirements of Sections 33413(b), and that the Housing Compliance Plan be part of the Five Year Implementation Plan required by Section 33490.

According to Section 33413(d)(1), Section 33413(b) inclusionary requirements apply only to redevelopment project areas, or to areas added to a project area by amendment, for which the final redevelopment plan was adopted on or after January 1, 1976. The Redevelopment Plan (the "Redevelopment Plan") for the North Long Beach Redevelopment Project was adopted on July 16, 1996 and is therefore subject to Section 33413(b) requirements. All information provided within this Housing Compliance Plan pertains only to the North Long Beach Redevelopment Project Area (the "Project Area").

As noted earlier in the Implementation Plan, the Agency transfers all of the 20% set-aside funds from each redevelopment project area into the City's Housing Development Fund. This money is used by the nonprofit Long Beach Housing Development Company to assist in the production of affordable housing as required by Law. Should the Long Beach Housing Development Company build or otherwise assist in the creation of affordable housing in the North Long Beach Project Area, it will do so in accordance with Section 33490(a)(2)(A).

II. REDEVELOPMENT PLAN PERIOD

The Redevelopment Plan was adopted on July 16, 1996. Per California Health and Safety Code, the effective date of the Redevelopment Plan will expire 30 years after the date of adoption on July 16, 2026.

III. DEFINITIONS

Affordable Housing Cost

Section 50052.5 of the California Health and Safety Code states that "affordable housing costs" shall not exceed the following:

- (1) For very-low-income households the product of 30 percent times 50 percent of the area median income adjusted for family size.
- (2) For low-income households the product of 30 percent times 70 percent of the area median income adjusted for family size.
- (3) For moderate-income households not less than 28 percent of the gross household income and not to exceed the product of 35 percent times 110 percent of the area median income adjusted for family size

Developed by the Agency

For this Housing Compliance Plan, "developed by the Agency" means the Agency has contracted directly with a building contractor for the construction or rehabilitation of dwelling units.

Low-Income Household

Household whose gross income is 51 percent to 80 percent of the area median income.

Moderate-Income Household

Household whose gross income is 81 percent to 120 percent of the area median income.

New Dwelling Units

For this Housing Compliance Plan, new dwelling units means dwelling units for which the final certificate of occupancy was issued after July 16, 1996.

Substantially Rehabilitated Dwelling Units

Section 33413(2)(a)(iii) states "substantially rehabilitated dwelling units" means substantially rehabilitated multifamily rented dwelling units with three or more units or substantially rehabilitated, with agency assistance, single-family dwelling units with one or two units.

Substantial Rehabilitation

Section 33413(2)(a)(iv) states substantial rehabilitation means rehabilitation, the value of which constitutes at least 25 percent of the after rehabilitation value of the dwelling, inclusive of the land value.

Very-Low-Income Household

Household whose gross income is 50 percent or below of the area median income.

IV. HEALTH AND SAFETY CODE SECTION 33413 REQUIREMENTS

Section 33413(b)(1) and (2) - Inclusionary Requirements

Section 33413(b)(1) requires that at least 30 percent of all new and substantially rehabilitated dwelling units developed by a redevelopment agency must be available at affordable housing cost to persons and families of low- or moderate-income, and that not less than 50 percent of the affordable units must be available to very-low-income households.

Section 33413(b)(2) requires that at least 15 percent of all new and substantially rehabilitated dwelling units developed within a project area by public or private entities, or persons other than the redevelopment agency, but including those developed pursuant to a written agreement with the agency, must be available at affordable housing cost to persons and families of low- or moderate-income, and that not less than 40 percent of the affordable units must be available at affordable housing cost to very-low-income households.

Section 33413(b)(3) - Aggregate Units

Section 33413(b)(3) states that the inclusionary requirements of Section 33413(b) are applicable to housing units in the aggregate and not to each individual case of rehabilitation, development, or construction of dwelling units, unless the Agency determines otherwise.

Section 33413(b)(4) - Inclusionary Housing Compliance Plan Requirements

Pursuant to Section 33413(b)(4), this Housing Compliance Plan must be consistent with, and may be included within, the City's General Plan Housing Element. This Housing Compliance Plan must be reviewed and, if necessary, amended at least every five years in conjunction with either the housing element cycle or the implementation plan cycle.

This Housing Compliance Plan must ensure that inclusionary requirements of Section 33413(b) are met every 10 years, and if the requirements are not met by the end of each 10-year period, the Agency must meet these goals on an annual basis until the requirements for the 10-year period are met. If the Agency exceeds Section 33413(b) inclusionary requirements within a 10-year period, the Agency may count excess affordable units toward requirements for the next 10-year period.

Section 33413(c) -Terms of Affordability

Section 33413(c) states that all affordable units developed to meet inclusionary requirements must remain available at affordable cost for the longest feasible time, as determined by the Agency, but for not less than the period of the land use controls established in the Redevelopment Plan, except in the following circumstances:

- (1) A longer period may be required by other provisions of the law.
- (2) The Agency may allow the sale of owner-occupied affordable units at market rates if the Agency, within three years of the date of sale, expends funds to produce an equal number of affordable units at the same income level as those sold.

V. COMPLIANCE WITH SECTION 33413(b) INCLUSIONARY HOUSING REQUIREMENTS TO DATE

During the period July 16, 1996 through September 30, 2001, there were 43 units substantially rehabilitated and 10 housing units created within the Project Area. This has created an inclusionary housing requirement of 9 units. The Redevelopment Agency, through the efforts of the Long Beach Housing Development Company has created over 300 affordable housing units throughout the City of Long Beach; however, none of these units are located within the Project Area. The Redevelopment Agency is currently undertaking an analysis of the Agency's aggregate inclusionary and replacement housing requirements for all redevelopment project areas combined. While it is expected that there exists a surplus of units created over and above the Agency's inclusionary requirements as a whole, for purposes of this Implementation Plan, it is assumed that no units have been created to meet the current inclusionary requirements for the North Long Beach Project Area. Therefore, entering the period covered by this Housing Compliance Plan, the Project Area has an inclusionary deficit of 9 units, 4 of which will need to be made available to very-low-income households.

Table A - North Long Beach Redevelopment Project Area
Inclusionary Requirements During the Period
July 16, 1996 Through September 30, 2001

	Total Units	Total Very-Low-, Low- and Moderate Affordable Units (15% of Total Units)	Very-Low-Income Units (40% of Affordable)
New Units Created to Date	10	2	1
Units Substantially Rehabilitated to Date	43	7	3
Less: Affordable Units Created for Very-low, Low- and Moderate-Income Households	53	9	4
Inclusionary Deficit/(Surplus) to Date	88	14	7

On September 11, 2000, the Agency entered into a Cooperation Agreement with the Long Beach Housing Development Company to acquire and substantially rehabilitate 96 multi-family residential units, called the Grisham Community Housing Project. Of the 96 units, 94 units will be made available to very-low-income households. This project, expected to be completed within the next five years, will address the inclusionary deficit noted above as well as address a substantial portion of the inclusionary need projected over the next

ten years as shown below in Table B.

VI. ESTIMATED NUMBER OF NEW AND SUBSTANTIALLY REHABILITATED DWELLING UNITS TO BE DEVELOPED DURING THE NEXT 10 YEARS AND OVER THE LIFE OF THE REDEVELOPMENT PLAN

New Dwelling Units

Estimates used in this Housing Compliance Plan for the number of new dwelling units to be constructed during the next 10 years and over the life of the Redevelopment Plan are based upon historical trends of building permits issued in the Project Area. Projecting future housing development based on historical trends is difficult to do because of the many complex factors that can affect future housing growth. These factors include: condition of local, regional, and national economies; employment levels; and, availability of funding sources. Because these factors fluctuate and cannot be accurately forecast, the projections used in this Housing Compliance Plan may need to be amended in the future.

All of the new dwelling units projected to be built in the Project Area during the next 10 years and over the life of the Redevelopment Plan are expected to be constructed by the Long Beach Housing Development Company, private enterprise or entities other than the Agency. The Agency has no current plans to develop any new dwelling units during these periods. However, the Agency will cooperate with and provide assistance and incentives to housing developers in order to ensure affordable housing production requirements will be met. It is projected that the Project Area will reach buildout before the effective life of the Redevelopment Plan expires on July 16, 2026.

The Project Area is predominately urbanized with few vacant properties zoned or suitable for residential use. The City's General Plan Housing Element, adopted April 17, 2001, has identified only one 2.3 acre vacant site in the Project Area that could be developed with housing; however, the Long Beach Unified School District has entered escrow to purchase this property for a future school site. The only other large vacant site suitable for residential use within the Project Area is the Manila Tract. A developer has obtained entitlements to build up to 52 new single family homes on this site, all of which are expected to be completed the next ten years. Therefore the Agency does not project that any new construction of residential units will occur on vacant properties within the Project Area over the next 10 years other than the 52 homes planned for the Manila Tract.

The Redevelopment Agency is in the process of developing a Strategic Guide for Redevelopment (the "Strategic Guide") for the Project Area. The current draft of the Strategic Guide recommends a change in land use for several properties from commercial to residential use. This proposed land use change has not received any appropriate approvals and would require, at a minimum, a General Plan Amendment and changes to the City of Long Beach Zoning Ordinance. In the interest of taking a conservative approach, this Housing Compliance Plan assumes a worse case scenario that the changes in land use will occur during the next ten years. The areas proposed for conversion total 57 acres. At an average residential density of 12 units to the acre, 684 residential units (57 x 12) could be expected to be created. A total of 736 new units (684 + 52) are projected to be built within the Project Area over the next 10 years as a result of both the proposed changes in land use and development of vacant land. No other additional new units would be expected to be built over the remaining life of the Redevelopment Plan.

Substantially Rehabilitated Dwelling Units

Based on an analysis of the Project Area, it is estimated that an average of 10 housing units will be substantially rehabilitated by entities other than the Redevelopment Agency or Long Beach Housing Development Company in the Project Area each year over the remaining life of the Redevelopment Plan. Based on this average, it is estimated that 100 units will be substantially rehabilitated in the Project Area during the next 10 years, and 250 units (10 units x 25 years) will be substantially rehabilitated over the remaining life of the Redevelopment Plan.

Any units newly developed or substantially rehabilitated with assistance from either the Redevelopment Agency or Long Beach Housing Development Company will include imposition of covenants or restrictions requiring that specified numbers of housing units newly developed or substantially rehabilitated within the Project Area be and remain affordable to very-low-, low- and moderate-income households. Therefore, these units would be used to meet the inclusionary needs outlined below based on the non-Agency developed units discussed above.

VII. ESTIMATES OF THE NUMBER OF AFFORDABLE HOUSING UNITS REQUIRED IN ORDER TO MEET SECTION 33413(b) INCLUSIONARY REQUIREMENTS DURING THE NEXT 10 YEARS AND OVER THE LIFE OF THE REDEVELOPMENT PLAN

Section 33413(b)(2) - Non-Agency Developed/Rehabilitated

Of the 736 estimated new dwelling units expected to be non-Agency developed in the Project Area during the next 10 years, 111 (15% of 736) must be available at affordable housing cost levels. Of the 111 required affordable units, at least 45 (40% of 111) must be available to very-low-income households. The remaining affordable units can be made available to low- or moderate-income households.

Of the 100 estimated substantially rehabilitated dwelling units expected to be non-Agency developed in the Project Area during the next 10 years, 15 (15% of 100) must be available at affordable housing cost levels. Of the 15 required affordable units, at least 6 (40% of 15) must be available to very-low-income households. The remaining affordable units can be made available to low- or moderate-income households.

Of the 250 estimated substantially rehabilitated dwelling units expected to be non-Agency developed over the remaining 25-year life of the Redevelopment Plan, 38 (15% of 250) must be available at affordable housing cost levels. Of these 38 affordable units, at least 16 (40% of 38) must be available at affordable housing costs to very-low-income households.

Section 33413(b)(1) - Agency Developed/Rehabilitated

As discussed earlier in this Housing Compliance Plan, the Agency does not have any current plans to construct or substantially rehabilitate any residential units in the Project Area that would be governed by Section 33413(b)(1).

VIII. COMPLIANCE PLAN

Table B below provides a summary of the estimated number of affordable housing units that will need to be developed in order to meet inclusionary requirements during the next 10 years. Table C provides a summary of the estimated number of affordable housing units that will need to be developed in order to meet inclusionary requirements over the life of the Redevelopment Plan.

Table B - North Long Beach Redevelopment Project Area
Inclusionary Requirements During the Next Ten Years
October 1, 2001 Through September 30, 2011

	Total Units Created	Total Very-low, Low- and Moderate Affordable Units (15% of Total Units)	Very-Low-Income Units (40% of Affordable)
Previous Inclusionary Deficit/(Surplus)	53	9	4
New Units Expected to be Created	736	111	45
Units Expected to be Substantially Rehabilitated	100	15	6
Total	889	135	55

Table C - North Long Beach Redevelopment Project Area
Inclusionary Requirements During the Remaining Life of the Redevelopment Plan
October 1, 2001 Through July 16, 2026

	Total Units Created	Total Very-low, Low- and Moderate Affordable Units (15% of Total Units)	Very-Low-Income Units (40% of Affordable)
Previous Inclusionary Deficit/(Surplus)	53	9	4
New Units Expected to be Created	736	111	45
Units Expected to be Substantially Rehabilitated	250	38	16
Total	1039	158	65

The Agency plans to satisfy the above inclusionary housing requirements by one or more of the following methods, placing an emphasis on housing available to lower-income households:

- (a) The expenditure of the low- and moderate-income housing portion of tax increments received from the Project Area to produce very-low-, low- and moderate-income dwelling units;
- (b) The imposition of covenants or restrictions requiring that specified numbers of housing units newly developed or substantially rehabilitated within the Project Area be and remain affordable to very-low-, low- and moderate-income households;
- (c) The purchase or acquisition by regulation or agreement of long-term affordability covenants on existing multifamily units.

IX. CONSISTENCY WITH HOUSING ELEMENT

The Housing Element of the Long Beach General Plan (the "Housing Element") was adopted by the Long Beach City Council on April 17, 2001 and was certified by the California Department of Housing and Community Development on July 13, 2001. A major goal of the Housing Element was to ensure that suitable housing is available to all City residents, especially lower income households. This Housing Compliance Plan requires that the Agency ensure specific percentages of housing which is newly developed or substantially

rehabilitated within the Project Area be made and remain available at affordable housing cost to very-low, low- and moderate-income households, and acknowledges that the Agency will emphasize housing for lower-income households, thereby furthering the goal of the Housing Element.